

Eligibility Churning, Continuity of Coverage and Care: Data and Issues

Washingtonians' income levels, as a percent of poverty, fluctuate due to job and family size changes. As a result, their eligibility for Medicaid, Exchange or employer coverage will also change. That is:

- Some initial Exchange enrollees will become Medicaid eligible for a while, then return to the Exchange as their income fluctuates over time.
- Similarly, some initial Medicaid enrollees will move to the Exchange for a while, and then return to Medicaid.

Reasons for Concern:

Where Medicaid health plans and providers differ from Exchange or from employer coverage, significant problems from such “churning” include:

- discontinuity of provider relationships and care, with associated quality and cost problems, including the undermining of medical homes;
- distress, inconvenience, confusion (compromising access) for enrollees/patients;
- administrative expense for plans;
- incentives/cost-effectiveness for plans and providers to invest in longer-term health improvements negated.
- Affordability of coverage for some tax-credit eligibles, particularly for poor persons with depleted resources whose current incomes increase (and related selection concerns).

Such income churning will be particularly acute for people whose income (eligibility status) fluctuates between the Exchange and Medicaid over time. People who cross the 139% FPL threshold from one year to the next are about 3 times as likely to go back to their original income range in the third year, compared to the likelihood that people who stayed in the same income range for the first two years will cross the threshold in the third year.

Data Insights: [Data are for US adults (19-64, without employer coverage at a defined point during the middle year).]

The attached data from the same 3-year longitudinal household survey show the scope and shape of this dynamic.

TABLE 1

Actual Annual Income for Enrollment Year v. Income at Initial Determination
NO ESI at Initial Determination
Adults Age 19-64, UNITED STATES

Row Percent	[- - - - - Final FPL Range - - - - -]			
Initial FPL Range	<139% FPL	139%-400% FPL	>400% FPL	TOTAL
<139% FPL	73.6%	21.1%	5.3%	100.0%
139%-400% FPL	23.9%	63.1%	13.0%	100.0%
>400% FPL	10.3%	38.5%	51.3%	100.0%
TOTAL	51.5%	35.7%	12.9%	100.0%

Initial FPL Range	<139% FPL	139%-200% FPL	201%-400% FPL	>400% FPL	TOTAL
<200% FPL	68.3%	12.5%	13.8%	5.3%	100.0%
139%-200% FPL	38.1%	24.0%	32.4%	5.5%	100.0%
201%-400% FPL	16.6%	15.9%	50.6%	16.9%	100.0%

Notes:

FPL = federal poverty level.

Source:

Tabulations of the Survey of Income and Program Participation by John A. Graves, Ph.D., Vanderbilt University School of Medicine, with computing support and consultation from Jonathan Gruber, Ph.D., Professor of Economics at MIT.

Eligibility Churning, Continuity of Coverage and Care: Policy Options

Potential Policy Options to Address Plan and Provider Discontinuity due to Churning

Medicaid to Exchange Continuity

Medicaid plans not otherwise participating in the Exchange could participate on a limited basis, i.e., (only) for continuing coverage of existing enrollees who lose Medicaid eligibility and gain eligibility for federal tax credits in the Exchange.

1. Such people typically have depleted resources and are very likely to return to Medicaid.
2. This alternative could afford continued free coverage up to about 200% FPL (i.e., if the tax credit is calculated based on a commercial QHP).
3. However, some constraints may be appropriate to delimit both inequities relative to other people at the same income level and potential for systemic adverse selection.

Potential additional limitations (alternatives)

- Allow continued enrollment only while income remains less than 200% FPL?
» *Equity considerations*
- Limit this option to (only) individuals who have been enrolled in the Medicaid plan for a specified minimum period of time (e.g., 3 months or more)?
- Limit the continued enrollment period to a specified maximum period [e.g., up to 12 months? for the remainder of the plan year? until the end of the plan year that ends 9 or more months later (i.e., up to 21 months)?]

Provide 12-Month Continuous Eligibility / Guaranteed Enrollment for (non-ABD) Adult Medicaid Enrollees

Adults (19-64) who are determined eligible for Medicaid (based on current income) would be guaranteed enrollment for a full 12 months, regardless of any subsequent changes during that period in their income or family composition. (No parallel provision with respect to continuous eligibility for Exchange coverage is considered, because neither the Exchange nor the State has the authority to diverge from federal rules in this regard.)